Feb 16, 2024 18:35 +08

PwC's response to Singapore Budget 2024 on 16 February

For immediate release - Singapore, 16 Feb 2024 – The following comments are responses from PwC Singapore on the Singapore Budget 2024:

"The move to introduce a Refundable Investment Credit (RIC) regime is very wise. Singapore needs to remain competitive to continue to attract foreign direct investment. A RIC that is aligned with global standards will enable us to continue attracting high value economic activities, in turn bringing more jobs and talent to Singapore. At PwC, we are happy that the Government has decided to add the RIC to its toolkit to enhance Singapore's international competitiveness." - **Chris Woo (Mr), Asia Pacific and Singapore Tax Leader,**

PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)

“Countries such as the U.S. currently offer attractive investment tax credits for green transition projects and sustainable investments. The introduction of Refundable Investment Credits (RIC) should help to improve Singapore’s competitiveness for sustainability investments and pivot more MNEs investment dollars toward Singapore.” - **Irene Tai (Ms), Energy, Utilities and Resources, Transport and Logistics Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“The introduction of a new investment tax credit with refundable cash features to support research and development, and investments in manufacturing facilities as well as in green transition activities is welcome. These will be especially appreciated given their generally long investment horizons. With the cash support to cushion such expenditure, it should spur more companies to embark on such activities.” - **Lennon Lee (Mr), Financial Services Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“The 50% corporate tax rebate, coupled with the high cap at S$40,000 is maximised at chargeable income levels up to about S$470,000. This is no small beer and should benefit a significant number of our small and medium enterprises.“ -**Tan Tay Lek (Mr), Tax Partner, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒)**

“While the 50% corporate income tax rebate capped at $40,000 is great for profitable companies, I applaud the Singapore Government for not forgetting to support SMEs which may not benefit from the tax rebate by giving a cash payout for companies that employ at least one local employee in 2023.” - **Lennon Lee (Mr), Financial Services Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“Get it done”, says the Minister. The government’s resolve to transition to clean energy is undeniable. The S$5 billion Future Energy Fund is a strong catalyst for the development of the clean energy ecosystem and I hope that this provides opportunities for Singapore-based companies to explore new areas for growth." -**Irene Tai (Ms), Energy, Utilities and Resources, Transport**

and Logistics Tax Leader, Transport and Logistics Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)

"Globally, countries have been looking into financing their energy transition effort through means of public and private financing, and various other sources. The allocation of initial S$5b to the Future Energy Fund by the Singapore Government is not only critical to Singapore's energy transition and net zero future, but it will also have a significant knock-on impact on the region. In particular, the allocation of budget to catalyse subsea electricity cable financing and other critical infrastructure in hydrogen signals to the market that Singapore is ready to support cross-border initiatives that are critical to the success of regional energy transition. This marks a positive move to attract infrastructure investors in the energy transition space to continue to operate out of Singapore for their regional development and investment work. It will also further anchor Singapore as a regional infrastructure financing hub." - **Jennifer Tay (Ms), Asia Pacific Infrastructure Leader, PwC Singapore (☒☒☒ ☒☒☒☒☒☒☒☒☒☒☒, ☒☒☒☒☒☒☒)**

“While the world is still deliberating how to best navigate the opportunities and risks of AI, the Government’s decisive move under the National AI Strategy 2.0 to increase an additional S$1bn investment for critical advanced AI chips and quickly anchor a community of AI centres of excellence, in addition to its previously announced ambition of tripling Singapore-based AI practitioners, is especially laudable. It is bold and holistic moves like these, which will put Singapore ahead in the new economy and provide a further boost for our next phase of economic growth.” - **Lim Kexin, Partner specialising in Entrepreneurial and Private Business Tax, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

"The Singapore government’s plans to invest over SGD 1 billion in artificial intelligence (AI) computing over the next five years further reflects the potential that AI, including generative AI, holds in transforming the nation’s economy in the near future. This investment will help to realise the National AI Strategy 2.0’s outcomes of developing AI talent, industry and infrastructure, all of which need to be underpinned by a trusted environment for AI, where businesses, the government and the broader Singaporean society can continue to experiment with AI, scale it and eventually realise its promise." - **Greg Unsworth (Mr), Digital Business and Risk Services Leader, PwC Singapore (☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“With AI undoubtedly an important driver in powering social and economic developments, I applaud the Government’s decisive move to invest over S$1 billion dollars over the next five years in AI computing, talent and industry development. This will certainly propel AI-enabled digital transformation efforts for businesses and allow them to realise their fullest potential. In addition, the partnerships with leading organisations to establish their AI ecosystems in Singapore will be a key thrust in building a deeper pipeline of AI talent, spurring innovation and ultimately building stronger and sustainable businesses across every sector.” - **Charles Loh (Mr), Consulting Leader, PwC Singapore (⊠⊠⊠, ⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠)**

"The Singapore budget has the long game in mind. DPM is correctly focusing on developing our R&D, upgrading the Nationwide Broadband Network and further investing into our AI capabilities. Singapore must exceed global expectations and stay ahead as one of the world’s leading smart nations." - **Chris Woo (Mr), Asia Pacific and Singapore Tax Leader, PwC Singapore (⊠⊠⊠, ⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠)**

“Technology, AI, and transformation are on every business agenda today. It is heartening to see the Minister investing in upskilling workers in Singapore, so that no one is left behind in the transformative journey. The new skills future programme hits the right notes for the future of Singapore." - **Falgun Thakkar (Mr), Global Structuring Transfer Pricing Leader, PwC Singapore (⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠⊠)**

“Kudos to DPM for unveiling a forward looking dragon-sized budget in this Lunar New year with an aim to support innovation, enhance social cohesion, and foster inclusive growth. The proposed changes in the Singapore tax rules with introduction of the DTT and IIR will keep the taxpayers and tax professionals extremely busy over the next many months and beyond as they plan for the future and gear up to manage the relevant compliance requirements. Hopefully, the refundable investment credit scheme will help bolster Singapore’s appeal to attract foreign direct investments and encourage existing MNEs to continue expanding their business activities in the country.” - **Abhijit Ghosh (Mr), Partner specialising in Corporate Tax, PwC Singapore (⊠⊠⊠⊠⊠⊠⊠⊠⊠, ⊠⊠⊠⊠⊠⊠⊠)**

"It’s not a surprise that Singapore moves forward with IIR and DTT, given the momentum gathered globally. For IIR, 28 countries, for example UK, France, Australia, New Zealand, South Korea, Vietnam have started with IIR for companies with financial year beginning 1 January 2024. There are 7 countries which include Singapore, Hong Kong, Malaysia, Thailand, are starting IIR for financial year starting from 1 January 2025. Most countries that have adopted IIR will be implementing DTT." - **Tan Ching Ne (Ms), Corporate Tax Leader, PwC Singapore (☒☒☒,☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“Today’s new business environment. This came on the back of the introduction of IIR and DTT in Singapore from 2025 onwards. As companies continue to navigate the changing tax landscape, there are other business factors at play which will also make global MNE businesses re-evaluate their value chains. It is all the more important now that MNEs carefully consider the transfer pricing implications in their transformation journeys to ensure that they avoid getting tripped up by disputes with taxing authorities.” - **Falgun Thakkar (Mr), Global Structuring Transfer Pricing Leader, PwC Singapore (☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒**

“Companies may restructure their businesses in response to the new business environment. This came on the back of the introduction of IIR and DTT in Singapore from 2025 onwards. As companies continue to navigate the changing tax landscape, there are other business factors at play which will also make global MNE businesses re-evaluate their value chains. It is all the more important now that MNEs carefully consider the transfer pricing implications in their transformation journeys to ensure that they avoid getting tripped up by disputes with taxing authorities.” - **Falgun Thakkar (Mr), Global Structuring Transfer Pricing Leader, PwC Singapore (☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒**

“The success of the VCC regime has been supported by funding from the Financial Sector Development Fund (FSDF). With the S$2 billion top up to the FSDF, this will provide Singapore with further capacity to support talent development, innovation and development in the financial services sector. I am excited to see what new initiatives would be rolled out by the MAS with the new funding to sustain and grow Singapore’s position as a leading hub for fund management activities.“ - **Lim Maan Huey, Asset Wealth Management and Real Estate Tax Leader (☒☒☒,**

☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒

“The new $4,000 Skills Future Credit is the proverbial good seed that DPM is planting to enhance Singapore’s workforce ecosystem. Changes (in our jobs) is the new constant. The upgraded scheme encourages more senior workers to upgrade and keep their skills ahead of the job curve. It has been said: “Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime”. The 2024 Budget is focused not only on teaching Singaporeans how to fish, but also how to farm fish to increase production and bring the fish to market." - **Chris Woo (Mr), Asia Pacific and Singapore Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“The 50% Personal Income Tax Rebate is a positive step taken by DPM to alleviate the impact of rising costs of living facing taxpayers. This is especially the case considering that the last time such a rebate was given in the Year of Assessment 2019. This, along with the increased co-funding level and pay ceiling of the Progressive Wage Credit Scheme shows the Government’s commitment in providing meaningful support to low to middle income groups who are likely to be hardest hit by rising costs." - **Ding Suk Peng (Ms), Employment Tax Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒ ☒☒☒☒☒☒☒☒☒**

“With skills forming the backbone of economic growth, the enhancements to Singapore’s SkillsFuture initiative represents the Government’s ironclad commitment to lifelong learning, and more importantly, to ensuring better employability outcomes for workers across the entire spectrum. With disruptive technologies now firmly part of the global landscape, the focus on relevant and future-proof skills is an excellent panacea to ensure human capital and technology can go hand in hand for employees to thrive in today’s complex world of work.” **- Martijn Schouten (Mr), Workforce Transformation Leader, PwC South East Asia Consulting (☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

“In a move to boost the employability of Singapore’s mid-career workforce, several key initiatives are announced in this year’s Budget to enhance workforce productivity and upskilling. The SkillsFuture credit top up and subsidies for full-time diplomas for Singaporeans aged 40 and above is a great move, especially in the wake of shifting digitalisation and macroeconomic trends which have put greater emphasis on continuous updating of skills. Mid career workers are vulnerable in this age of innovation and shifting paradigm, this move provides them an opportunity to stay relevant especially because digital skills have a shorter latency. This budget ensures that the upskilling measures are inclusive of all Singaporeans and no one is left behind as exemplified by the introduction of a new ITE Progression Award to encourage and support ITE graduates in their upskilling efforts and to improve their career and wage prospects.” **- Noel Goh, Workforce Reward Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

"The Government’s spending on healthcare has tripled over the last decade. This is a clear illustration of not only the challenge in rising healthcare costs but also the Government’s commitment to increasing spending to meet the need gaps while attempting to lower the cost of care." - **Dr. Zubin J Daruwalla (Mr), Asia Pacific Health Industries Leader, PwC Singapore (☒☒☒☒☒☒☒☒☒☒, ☒☒☒☒☒☒☒)**

“The $3.5b being set aside over the next decade for seniors and the ageing population, not only focuses on traditional provision of healthcare services but also on making housing more functional, improving road infrastructure and more. This shows a sound understanding of the importance of the social determinants of health (SDOH) and improving things outside of traditional healthcare provision settings. Given the SDOH are in fact the strongest determinants of one’s health, this is welcomingly reassuring.” - **Dr. Zubin J Daruwalla, Asia Pacific Health Industries Leader, PwC Singapore (☒☒☒☒☒☒☒☒☒☒, ☒☒☒☒☒☒☒)**

"In the past few years, Singapore has implemented various measures, such as the reverse charge mechanism and the overseas vendor GST registration regime, to broaden our GST tax base as well as increased the GST rate from 7% to 9%. Budget 2024 has moved away from introducing significant changes to our GST regime. Instead, it prioritises the redistribution of the additional tax revenue collected, or to be collected, to address rising costs of living, business operations and healthcare costs, as well as to promote targeted social and economic initiatives to future proof our nation. This reflects the Government’s commitment in maintaining a “PPP” system - progressive, pro-business and pro-Singaporeans." - **Kor Bing Keong (Mr), GST Leader, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒, ☒☒☒☒☒☒☒**

"It is not surprising to hear the Finance Minister say “it is in our interest to implement the DTT (Domestic Top-up Tax), so that we collect the tax, rather than have it go somewhere else”. However, the same could have been said in relation to the EU’s Carbon Border Adjustment Mechanism, a tax on imports into the EU ffaof products that are not subject to carbon taxes in their place of manufacture at) a level comparable to that if they were manufactured in the EU. Singapore manufacturers and exporters of such products will – for now - need to continue to manage their customers in the EU who may be subject to such tax if they source those products from Singapore." - **Frank Debets, Managing Partner, PwC Worldtrade Management Services (☒☒☒☒☒☒☒☒☒☒☒, ☒☒☒☒)**

"Budget 2024 transcends investments in growth areas such as AI, productivity, and energy transition, to address social needs like healthcare, education, and build a vibrant arts and sports scene. Bringing vision to action, these measures reflect the Government’s commitment to Forward Singapore’s collective hope for a shared future, while energising Singapore Inc 2.0. " - **Lim Kexin, Partner specialising in Entrepreneurial and Private Business Tax, PwC Singapore (☒☒☒, ☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒☒)**

------------ ENDS ----------------

Notes to Editor

1. For information relating to Budget 2024, please refer to our Singapore Budget 2024 campaign page at this link.
2. Should you require a picture of our experts, please feel free to download them from this link.

About PwC

At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with nearly 328,000 people in 151 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

Contacts

Siew Ling Ong
Press Contact
Manager, Brand and Communications
siew.ling.ong@pwc.com

Candy Li
Press Contact
Team Lead - Brand & Communications
candy.yt.li@pwc.com